

4, Marital Information Required of Refund Applicants for Federal Employees Retirement System (FERS), is used by OPM to pay refunds of retirement contributions when the information is not included on the SF 3106, Application for Refund for Retirement Deductions (FERS). To pay these benefits, all applicants for refund must provide information to OPM about their marital status and whether any spouse(s) or former spouse(s) have been informed of the proposed refund.

Approximately 100 RI 95-4 forms will be completed annually. We estimate it takes approximately 30 minutes to complete the form. The annual burden is 50 hours.

For copies of this proposal, contact Jim Farron on (202) 418-3208, or E-mail to jmfarron@opm.gov

**DATES:** Comments on this proposal should be received by January 29, 1998.

**ADDRESSES:** Send or deliver comments to—

John C. Crawford, Chief, FERS Division, Retirement and Insurance Service, U.S. Office of Personnel Management, 1900 E Street, NW, Room 3313, Washington, DC 20415  
and

Joseph Lackey, OPM Desk Officer, Office of Information & Regulatory Affairs, Office of Management & Budget, New Executive Office Building, NW, Room 10235, Washington, DC 20503

**FOR INFORMATION REGARDING**

**ADMINISTRATIVE COORDINATION—CONTACT:** Mary Beth Smith-Toomey, Budget & Administrative Services Division, (202) 606-0623.

U.S. Office of Personnel Management.

**Janice R. Lachance,**

*Director.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-39467; File No. SR-CBOE-97-42]

**Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change By the Chicago Board Options Exchange, Incorporated Relating to Proactive Disclosure of "n" Orders**

December 19, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934, 15 U.S.C. 78s(b)(1), notice is hereby given that on August 25, 1997, the Chicago Board Options Exchange, Incorporated ("CBOE or Exchange") filed with the

Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the CBOE. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

**I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change**

The CBOE proposes to amend Exchange Rule 7.5 ("Rule") regarding disclosure obligations for "n" orders by adding Interpretation .04. An "n" order as defined in Rule 6.51 is an order for any account of a non-member market-maker or specialist relating to his assignment in a class of options listed for trading both at this Exchange and at the exchange of the market-maker or specialist. The text of the proposed rule change is available at the Office of the Secretary, CBOE, and the Commission.

**II. Self Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

In its filing with the Commission, the CBOE included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The CBOE has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

**A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

The purpose of the proposed rule change is to require a Floor Broker who holds a so-called "n" order to affirmatively disclose the status of the "n" order as such by public outcry at the post prior to representing the order in the trading crowd. An "n" order is defined in Rule 6.51 as an order for the account of a broker-dealer who is a non-member market-maker or specialist relating to his assignment in a class of options listed on CBOE and on another exchange. Disclosing the status of orders as "n" orders will make the trading crowd aware that the orders are broker-dealer orders and not public customer orders, so that they may be properly treated under CBOE Rules that give preferential treatment to non-broker-dealer public customer orders. For example, Rule 6.45 gives priority to non-broker-dealer public customer bids and offers in the customer limit order

book over other bids and offers at the same price, and Rule 8.51 provides that a trading crowd's firm quote obligations apply to non-broker-dealer public customer orders only. Requiring the identification of "n" orders as broker-dealer orders should reduce the likelihood that such orders will be inadvertently treated as public customer orders, thereby assuring that actual public customer orders will receive the priorities to which they are entitled under the Rules.

By requiring the affirmative disclosure of a category of broker-dealer orders that might otherwise be mistakenly identified as orders of public customers, the proposed rule change will safeguard the priorities granted under CBOE Rules to the orders of non-broker-dealer public customers, thereby serving to promote just and equitable principles of trade and to protect investors and the public interest in furtherance of the objectives of Section 6(b)(5) of the Securities Exchange Act of 1934.

**B. Self-Regulatory Organization's Statement on Burden on Competition**

The CBOE does not believe that the proposed rule change will impose any burden on competition.

**C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others**

No written comments were solicited or received with respect to the proposed rule change.

**III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(a) By order approve such proposed rule change, or

(b) Institute proceedings to determine whether the proposed rule change should be disapproved.

**IV. Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W.,

Washington, D.C. 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of the CBOE. All submissions should refer to the file number in the caption above and should be submitted by January 20, 1998.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>1</sup>

**Margaret H. McFarland,**  
Deputy Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-39470; File No. SR-NASD-97-81]

### Self-Regulatory Organizations; Order Granting Accelerated Approval of Proposed Rule Change and Amendment Nos. 1 and 2 to the Proposed Rule Change, and Notice of Filing and Order Granting Accelerated Approval of Amendment No. 3 to the Proposed Rule Change by the National Association of Securities Dealers, Inc. Relating to Changes to the Rule 1010 Series, the Rule 8000 Series, and the Rule 9000 Series to Reflect Changes in the Corporate Organization of the National Association of Securities Dealers, Inc. and Its Subsidiaries

December 19, 1997.

On October 31, 1997, the National Association of Securities Dealers, Inc. ("NASD"), through its regulatory subsidiary NASD Regulation, Inc. ("NASD Regulation") filed with the Securities and Exchange Commission ("SEC" or "Commission") a proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder.<sup>2</sup> In this filing, the NASD proposed amendments to (a) Article V of the

NASD Regulation By-Laws; (b) the Rule 1010 Series; (c) the Rule 8000 Series; (d) the Rule 9000 Series; and (e) certain other Rules of the Association, generally to conform such rules to the corporate restructuring of the Association and to make clarifying and technical changes to such rules. Notice of this proposed rule filing was published in the **Federal Register** on December 3, 1997 (as amended, the "Notice").<sup>3</sup> The Commission did not receive any comment letters on the filing.

### I. Introduction and Background

In November 1994, the NASD Board of Governors appointed the Select Committee on Structure and Governance ("Select Committee") to review the NASD's corporate governance structure and to recommend changes to enable the NASD to better meet its regulatory and business obligations, including its oversight of the Nasdaq market. Following the recommendations of the Select Committee, the NASD proposed reorganizing its corporate structure. Nasdaq was given sole responsibility to operate and oversee the Nasdaq market and other over-the-counter ("OTC") markets, while NASD Regulation was given responsibility for regulation and member and constituent services.<sup>4</sup> The NASD retained ultimate policymaking, oversight, and corporate authority as the parent holding company and statutory self-regulatory organization ("SRO"), while granting substantial deference to the operating Subsidiaries in the areas of their respective jurisdictions. These revisions to the corporate structure were

<sup>3</sup> See Securities Exchange Act Release No. 39350 (November 21, 1997), 62 FR 64000 (File No. SR-NASD-97-81). Amendment Nos. 1 and 2 to the proposed rule filing were filed on November 12, 1997 and November 18, 1997, respectively. The changes contained in these amendments were included in the Notice. See Letter from Joan C. Conley, Secretary, NASD Regulation to Katherine A. England, Assistant Director, Division of Market Regulation, Commission dated November 12, 1997 (note corrected sender); Letter Amendment No. 2 from Alden S. Adkins, Vice President and General Counsel, NASD Regulation to Katherine A. England, Assistant Director, Division of Market Regulation, Commission dated November 18, 1997. Several additional technical amendments were also included in the Notice. Telephone Conversation between Sharon Zackula, Office of General Counsel, NASD Regulation and Mandy S. Cohen, Office of Market Supervision, Commission (November 20, 1997). Amendment No. 3 to the proposed rule filing, which amended the requested effective date of the proposal and included several additional technical amendments (see discussion *infra* p. 9, fn. 20), was filed on December 12, 1997. Letter Amendment No. 3 from Alden S. Adkins, Vice President and General Counsel, NASD Regulation to Katherine A. England, Assistant Director, Division of Market Regulation, Commission dated December 12, 1997.

<sup>4</sup> NASD Regulation and Nasdaq are collectively referred to herein as the "Subsidiaries."

first proposed and adopted in mid-1996.<sup>5</sup> Final revisions to the corporate structure were approved on November 14, 1997.<sup>6</sup>

On August 8, 1996, the Commission issued an order pursuant to Section 19(h)(1) of the Act ("SEC Order"), including fourteen undertakings ("Undertakings"),<sup>7</sup> and a related report pursuant to Section 21(a) of the Act ("21(a) Report").<sup>8</sup> In these documents, the Commission indicated that the NASD had not complied with its own rules and had failed to satisfy its obligations under the Act to enforce such rules and the federal securities laws. In response to the Commission's findings in the 21(a) Report and to comply with the terms of certain undertakings, the NASD subsequently proposed amendments to its Rules of the Association.<sup>9</sup> These changes were approved by the Commission on August 7, 1997.<sup>10</sup> The proposed amendments supplement the changes contained in the Commission's August 1997 order.

### II. Description of the Proposal

The Association's proposed rule amendments are intended to (A) conform the Rules of the Association to reflect the terms of the recent corporate reorganization of the NASD, NASD Regulation, and Nasdaq,<sup>11</sup> and (B) clarify and simplify certain portions of those Rules of the Association approved in SR-NASD-97-28.<sup>12</sup> The following outlines the proposed amendments.<sup>13</sup>

#### A. Conforming Amendments

The structural changes to the NASD and its Subsidiaries modified the sizes of the three governing boards, interwove

<sup>5</sup> See Securities Exchange Act Release No. 37106 (April 11, 1996), 61 FR 16944 (April 18, 1996) (File No. SR-NASD-96-02); Securities Exchange Act Release No. 37107 (April 11, 1996), 61 FR 16948 (April 18, 1996) (File No. SR-NASD-96-16).

<sup>6</sup> Securities Exchange Act Release No. 39326 (November 14, 1997), 62 FR 62385 (November 21, 1997) (File No. SR-NASD-97-71).

<sup>7</sup> Securities Exchange Act Release No. 37538 (Aug. 8, 1996) (SEC Order Instituting Public Proceedings Pursuant to Section 19(h)(1) of the Securities Exchange Act of 1934, Making Findings and Imposing Remedial Sanctions, *In the Matter of National Association of Securities Dealers, Inc.*, Administrative Proceeding File No. 3-9056).

<sup>8</sup> Report and Appendix to Report Pursuant to Section 21(a) of the Securities Exchange Act of 1934 Regarding the NASD and The Nasdaq Stock Market (Aug. 8, 1996).

<sup>9</sup> Securities Exchange Act Release No. 38545 (April 24, 1997) 62 FR 25226 (May 8, 1997) (File No. SR-NASD-97-28), as amended.

<sup>10</sup> Securities Exchange Act Release No. 38908 (August 7, 1997), 62 FR 43385 (August 13, 1997) (Rules of the Association).

<sup>11</sup> See Release No. 34-39326 (File No. SR-NASD-97-71).

<sup>12</sup> See Release No. 34-28908.

<sup>13</sup> A complete list of all changes is contained in the Notice, see *supra* Release No. 34-39350.

<sup>1</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.